

## COUNTY OF MONROE, FLORIDA AUDIT CONTRACT

This CONTRACT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2006, by and between the Board of County Commissioners of Monroe County (hereinafter "COUNTY"), Florida, and CHERRY, BEKAERT & HOLLAND, L.L.P. (hereinafter "AUDITOR"), a Certified Public Accountant limited partnership licensed to do business in the State of Florida.

WHEREAS, the Monroe County, Florida Audit Selection Committee, in accordance with Section 218.391, Florida Statutes, has followed the statutory procedures, including public notice, and ranked the AUDITOR as the top firm and deemed it most qualified to provide professional auditing services; and

WHEREAS, terms satisfactory to both parties have been negotiated pursuant to said statute; now therefore

In consideration of the mutual promises and covenants below, the parties agree:

### **1. SCOPE OF SERVICES.**

AUDITOR shall provide a financial audit of the COUNTY financial records and a financial audit report as required by Florida Statutes 218.391. Such audit shall be subject to the limitations and responsibilities identified in Attachment A to this contract. In addition, such audit shall be conducted in accordance with U.S. generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants (AICPA) *Industry Audit Guide, Audits for State and Local Government Units*, AICPA standards and procedures, the Florida Single Audit Act, OMB Circular A-133, and, excluding review of economy and efficiency of operations and program results, standards and procedures set forth in *Government Auditing Standards* issued by the Comptroller General of the United States. The AUDITOR will also conduct the audit in accordance with any other applicable federal, state and local regulations or professional guidance not specifically listed previously as well as any additional requirements that may be adopted by these organizations in the future. This audit includes the financial records concerning the operations of the COUNTY as a whole, each Constitutional Officer, and any dependent district reported as part of the primary government (blended component unit). Audits of financial statements of discrete component units, either currently in existence or established subsequently to the beginning date of this Agreement, are excluded from this Agreement. It is possible that additional "funds" or blended component units will be established by the COUNTY during the term of this Agreement. The compensation stated in this Agreement will include the audit procedures related to such additional funds or component units unless it is agreed by the COUNTY and AUDITOR that they significantly and materially impact the audit.

- 1.1. AUDITOR shall provide the work plan and services as described in detail in the Request for Qualifications, attached hereto and incorporated herein. The AUDITOR, prior to commencing any fiscal year audit, will provide a detailed audit plan, related fee (to equal the total amount of the Agreement as noted in Section 4), and proposed time line for each of the COUNTY entities to be audited. The time-related

obligations shall be conditioned upon AUDITOR's receipt of necessary COUNTY and Constitutional Officer data (including confirmation requests and consultant's reports) in useable form, access to knowledgeable COUNTY and Constitutional Officer personnel, and other timely cooperation by COUNTY and the Constitutional Officers. Financial statement drafts submitted to the Constitutional Officers and dependent district executive officers by the AUDITOR will have been subjected to all partner reviews. AUDITOR shall conduct an exit interview with each of the Constitutional Officers and dependent district executive officers prior to the issuance of final reports.

- 1.2** The audit fieldwork, including any analytical review, shall be completed on-site in the offices of the County, each Constitutional Officer and the dependent district.
- 1.3** The financial audit reports applicable to each of the entities described in paragraph 1, as required by F.S. 218.391 and Section 10.550 of the Rules of the Auditor General, shall include the following:
  - 1.3.1.** Auditor's Report on Examination of Financial Statements. This report shall include but not be limited to:
    - (a) A statement of the scope of the audit; and
    - (b) Explanatory comments (if any) concerning exceptions by AUDITOR as to application of either U.S. generally accepted auditing standards, U.S. generally accepted accounting principles or the consistency of application of such principles.
  - 1.3.2.** Financial Statements. Financial presentations shall include government wide and fund level financial statements, including accompanying footnotes and schedules, derived from the accounting records presented in conformity with the fund type, fund and/or group classifications as required for compliance with Section 10.550 of the Auditor General and U.S. generally accepted accounting principles for governments. Financial statements will be prepared for the County as a whole, and for each constitutional officer and dependent district.
  - 1.3.3.** Auditor's Letter of Comments and Recommendations. A letter shall be provided to COUNTY containing various comments and recommendations by the AUDITOR based upon review of the COUNTY's system of operations, internal controls and other findings and requirements by the Florida Auditor General. Similar letters shall be submitted to each of the County Constitutional Officers and dependent district.
  - 1.3.4.** Other Reports. Reports shall include reports required by *Government Auditing Standards*; and the State of Florida. If applicable, reports issued pursuant to the Federal and State of Florida Single Audit Acts shall be included.

- 1.4** The Auditor will:

**1.4.1.** Prepare the fund-level and entity-wide elimination entries based on information provided by the County.

**1.4.2.** Combine the BOCC, each Constitutional Officer and applicable component units for purposes of the CAFR.

**1.4.3.** Prepare the reconciliation items from the fund-level financial statements to the entity-wide financial statements.

**1.4.4.** Draft the Monroe County, Florida Comprehensive Annual Financial Report (CAFR), prepare the BOCC Financial Statement footnotes and prepare the Constitutional Officer and Dependent District Financial Statements, excluding the Statements of Cash Flows.

**1.4.5.** Print the Monroe County, Florida CAFR for reproduction by the COUNTY. The Constitutional Officer and Dependent District reports will be printed and reproduced by the AUDITOR.

**1.5** It is recognized that one of the primary purposes of the audit is to be able to provide assurances to state and federal funding agencies. If any of those agencies require an opinion in a style or format different than the AUDITOR's standard style or format, the AUDITOR shall reissue the opinion in a style or format acceptable to the funding agency.

**1.6** AUDITOR shall prepare and submit to the Board of County Commissioners a letter regarding the COUNTY's compliance with the terms of its various bond issues. The AUDITOR will also prepare a separate AUDITOR's report on the examination of the basic financial statements suitable for inclusion in an official statement. The COUNTY may prepare official statements in connection with the issuance of debt securities that will contain the basic financial statements and the AUDITOR's report thereon. The AUDITOR shall be notified by COUNTY in advance of any such securities offering and will, if requested by the fiscal advisor and/or the underwriter, issue a "consent and citation of expertise" as the AUDITOR and any necessary "comfort letters." The provision of such services will not generate additional compensation.

**1.7** The AUDITOR agrees to provide tuition free access to seminars provided for either staff or staff and client use in an effort to assist the County in maintaining staff professionalism and meeting the County staff's continuing professional education requirements.

**1.8** Should irregularities or other unforeseeable conditions be encountered which might necessitate the extension of the auditing work beyond the scope of normal auditing procedures, the AUDITOR agrees to advise the COUNTY in writing of the circumstances and to request an increase in the total fees be made before significant additional costs are incurred. Any request for additional time or additional fees shall be in writing and shall contain a detailed explanation of the unforeseen conditions or irregularities, and why the additional fees are necessary. Either a time extension or additional fees granted to AUDITOR is at the sole discretion of COUNTY.

**1.9** AUDITOR shall take reasonable steps to bring errors to the attention of an appropriate level of COUNTY management so that management can take corrective action. Any adjustments to the books and records will be made only after review and only on direction of responsible authority.

**1.10** The COUNTY will send its Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting Program. Therefore, the COUNTY shall also provide additional financial and non-financial information not subject to examination by the AUDITOR, but necessary for the reporting standards of such Certificate of Achievement. It is expected that the AUDITOR will provide any special assistance reasonably necessary to assist the COUNTY in continuing to meet the requirements of that program as part of the fixed fee compensation of this Agreement.

**2. ASSISTANCE TO BE FURNISHED BY THE COUNTY.**

It is understood and agreed that COUNTY and Constitutional Officers' staff participation in the audit will be limited to activities within the normal course of business, and any assistance with the audit by COUNTY personnel shall be limited to matters within the normal scope of the employees' work responsibility.

The COUNTY will prepare and furnish to the AUDITOR certain workpapers required to support the financial information under audit, but they will be in the format designed by the COUNTY.

The COUNTY will:

- a. Download the trial balance, including actual balances and original and final budgets, from the COUNTY'S accounting software to GoFund software.
- b. Update account mapping within GoFund based on changes to the BOCC chart of accounts.
- c. Prepare the BOCC Financial Statements, except for the footnotes.
- d. Draft the Statements of Cash Flows.
- e. Assist in the preparation of fund-level and entity wide elimination entries.
- f. Produce the introductory and statistical sections and the Management's Discussion and Analysis sections of the CAFR.
- g. Produce the Schedules of Federal Awards and State Financial Assistance.
- h. Review the final CAFR and BOCC Financial Statements and maintain responsibility for the contents.
- i. Provide electronic copies of the final GoFund file and Excel templates that have been rolled over to the current fiscal year from the prior fiscal year for the CAFR and the BOCC.

**3. TERM OF ENGAGEMENT.**

This Agreement provides for professional auditing services for the fiscal year ending September 30, 2006. This agreement shall come into effect on the date first written above and remain in effect until the completion of the 2006 financial audit unless earlier terminated in accordance with paragraphs 12 and 13, below.

**4. COMPENSATION AND TERMS OF PAYMENT.**

The COUNTY shall pay to the AUDITOR a fixed fee for the annual audit of the COUNTY's financial statements according to the following fee schedule. This fee is all-inclusive, and no charge for travel, telephone bills, copying or any other related fees or expenses shall be billed. Payment under this agreement is contingent upon annual appropriation.

FISCAL YEAR ENDED

CONTRACT AMOUNT

September 30, 2006

\$240,000

The following hourly fees shall apply to extra work done for the term of this contract by AUDITOR, whether under this Agreement or for extra work requested by the Board of County Commissioners:

Partner in Charge	\$ 240
Senior Manager	\$ 170
Manager	\$ 150
Senior Accountant	\$ 130
Staff Accountant	\$ 95
Clerical	\$ 60

Termination prior to the end of the agreement shall occur whenever funds cannot be obtained or cannot be continued at a level sufficient to allow for the continuation of this agreement pursuant to the terms herein. In the event that funds cannot be continued at a level sufficient to allow the continuation of this agreement pursuant to the terms specified herein, this agreement may then be terminated immediately by written notice of termination delivered in person or by mail to AUDITOR.

An invoice for the portion of the total amount of the Agreement in proportion to the work completed to date shall be submitted to the COUNTY on a monthly basis. The invoice will include a description of work completed for each of the COUNTY entities to be audited, the total amount of the agreement, billings to date and payments to date. The invoices shall be in a form approved by the Clerk of the Circuit Court. The maximum amount to be paid prior to fulfillment of the terms of the Agreement shall be ninety (90) percent of the total annual compensation. The retainage will be payable upon completion of each year's audits.

**5. RECORDS.**

All working papers and reports will be retained by the AUDITOR, at the AUDITOR's expense, for a minimum of five years from the date the reports are issued, or such longer period as may be

required to satisfy legal and administrative requirements. The Auditor will be required to make the working papers available, upon request, to the following parties or their designees:

- A. COUNTY
- B. Auditor General of the State of Florida
- C. U.S. General Accounting Office
- D. Parties designated by the federal government, the State of Florida, or by the COUNTY as part of an audit quality review program
- E. Auditors of entities of which the COUNTY is a subrecipient of grant funds
- F. Successor auditors
- G. Other parties as deemed necessary by the COUNTY, subject to AUDITOR agreement
- H. Other parties entitled by law to access such papers

**6. MODIFICATIONS, AMENDMENTS, ASSIGNMENT AND SUBCONTRACTING.**

Any and all modifications of the terms of this agreement shall be only amended in writing and approved by the Board of County Commissioners for Monroe County. The Contractor shall not assign or subcontract or transfer any interest in this Contract or assign any claims for money due or to become due under this Contract without first obtaining written and executed consent from COUNTY.

**7. INDEPENDENT CONTRACTOR.**

At all times and for all purposes hereunder, the AUDITOR is an independent contractor and not an employee of the Board of County Commissioners of Monroe County. No statement contained in this agreement shall be construed as to find the AUDITOR or any of its employees, contractors, servants or agents to be the employees of the Board of County Commissioners of Monroe County, and they shall not be entitled to any of the rights, privileges or benefits of employees of Monroe County.

**8. COMPLIANCE WITH LAW.**

In carrying out its obligations under this agreement, the AUDITOR shall abide by all statutes, ordinances, rules and regulations pertaining to or regulating the provisions of this agreement, including those now in effect and hereafter adopted. Any violation of said statutes, ordinances, rules or regulations may constitute a material breach of this agreement, which would entitle the COUNTY to terminate this agreement immediately upon delivery of written notice of termination to the AUDITOR.

**9. HOLD HARMLESS/INDEMNIFICATION.**

Each party ("Indemnifying Party") shall indemnify and hold harmless the other ("Indemnified Party") from any and all claims, suits, actions, liabilities and reasonable defense costs, in each case solely for bodily injury to individuals and physical damage to tangible property to the extent directly and proximately caused by the acts or omissions of the Indemnifying Party while AUDITOR is engaged in the performance of services under this Agreement; provided, however, that if there is also fault on the part of the Indemnified Party, the foregoing indemnity shall be on a

comparative fault basis, and provided that COUNTY's liability is limited to the statutory limitation in Florida Statutes 768.28.

**10. ANTI-DISCRIMINATION.**

The AUDITOR agrees that they will not discriminate against any of their employees or applicants for employment or against persons for any benefit or service because of their race, color, religion, sex, national origin, or physical or mental handicap where the handicap does not affect the ability of an individual to perform in a position of employment, and to abide by all federal and state laws regarding non-discrimination.

**11. ANTI-KICKBACK.**

The AUDITOR warrants that no person has been employed or retained to solicit or secure this agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, and that no employee or officer of the COUNTY has any interest, financially or otherwise, in the said funded project. For breach or violation of this warranty, the COUNTY shall have the right to annul this agreement without liability or, in its discretion, to deduct from the agreement price or consideration, the full amount of such commission, percentage, brokerage or contingent fee.

**12. TERMINATION WITHOUT CAUSE.**

This Agreement may be terminated, without cause, by either of the parties. For each fiscal year to be audited, written notice to the other party not later than June 1 of the fiscal year to be audited will constitute appropriate cancellation of the Agreement.

**13. TERMINATION FOR BREACH.**

If the AUDITOR breaches any provision of this Agreement, the COUNTY shall notify the AUDITOR in writing within fourteen (14) days or some other time period deemed acceptable to the COUNTY to cure this breach. The COUNTY by failure to provide notice to the AUDITOR or accepting work under this Agreement does not waive or limit its authority to find the AUDITOR in breach of this agreement for subsequent breaches. After notification of breach and the Agreement has been terminated, the COUNTY shall pay the AUDITOR fair and equitable compensation for work completed prior to termination of the agreement, less any amount of damages caused by the AUDITOR's breach. If the damages are more than compensation due to the AUDITOR, the AUDITOR will remain liable after termination and the COUNTY can affirmatively collect damages.

The AUDITOR may terminate the Agreement for failure of the COUNTY to fulfill its duties and obligations upon giving the COUNTY sixty (60) days prior written notice.

**14. ENTIRE AGREEMENT.**

The COUNTY Audit Committee Request for Qualifications for Professional Auditing Services dated May 17, 2006, and AUDITOR Proposal to Provide Professional Independent Auditing Services, and this Agreement constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supercedes any and all prior agreements with respect to such subject matter between the AUDITOR and COUNTY. It is understood and agreed that in the event of a conflict between the terms of this Agreement and the terms of the above stated documents, the terms of the Agreement shall control.

**15. CONSENT TO JURISDICTION.**

This agreement, its performance, and all disputes arising hereunder, shall be governed by the laws of the State of Florida, and both parties agree that the proper venue for any actions shall be in Monroe County.

**16. ETHICS CLAUSE.**

AUDITOR warrants that AUDITOR has not employed, retained or otherwise had act on AUDITOR's behalf any former County officer or employee in violation of Section 2 or Ordinance No. 10-1990 or any County officer or employee in violation of Section 3 of Ordinance No. 10-1990. For breach or violation of the provision the COUNTY may, at its discretion terminate this agreement without liability and may also, at its discretion, deduct from the agreement or otherwise recover, the full amount of any fee, commission, percentage, gift, or consideration paid to the former or present County officer or employee.

**17. PUBLIC ENTITY CRIME STATEMENT.**

A person or affiliate who has been placed on the convicted vendor list following a conviction for public entity crime may not submit a bid on an agreement to provide any goods or services to a public entity, may not submit a bid on an agreement with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to public entity, may not be awarded or perform work as a contractor, supplier, sub-contractor, or consultant under a agreement with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, for CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list. AUDITOR represents that AUDITOR has not been placed on the convicted vendor list.

**18. AUTHORITY.**

AUDITOR warrants that it is authorized by law to engage in the performance of the activities encompassed by the project herein described.

Each of the signatories for the AUDITOR below certifies and warrants that the AUDITOR's name in this agreement is the full name as designated in its organizing documents; that they are empowered to act and contract for the AUDITOR, and this agreement has been approved by the legal governing body of AUDITOR.

**19. LICENSES.**

AUDITOR warrants that it shall have, prior to commencement of work under this agreement and at all times during said work, all required licenses whether federal, state, COUNTY or City.

**20. INSURANCE.**

AUDITOR agrees that it maintains in force at its own expense a liability insurance policy which will insure and indemnify the AUDITOR and the COUNTY from any suits, claims or actions brought by any person or persons and from all costs and expenses of litigation brought against the



AUDITOR for such injuries to persons or damage to property occurring during the agreement or thereafter that results from performance by AUDITOR of the obligations set forth in this agreement. At all times during the term of this agreement and for one year after acceptance of the project, AUDITOR shall maintain on file with the COUNTY a certificate of the insurance of the carriers showing that the aforesaid insurance policy is in effect. The following coverage shall be provided:

1. Workers Compensation insurance as required by Florida Statutes.
2. Commercial General Liability Insurance with minimum limits of \$500,000 per occurrence for bodily injury, personal injury and property damage.
3. Comprehensive Auto Liability Insurance with minimum limits of \$300,000 combined single limit per occurrence.
4. Professional Liability Insurance which will respond to damages resulting from any claim arising out of the performance of professional services or any error or omission of the AUDITOR arising out of work governed by this agreement. Such insurance shall have the following minimum amounts of liability: \$250,000 per Occurrence/\$500,000 Aggregate.

The policies shall provide no less than 30 days notice of cancellation, non-renewal or reduction of coverage.

At all times during the term of this agreement and for one year after acceptance of the project, AUDITOR shall maintain on file with the COUNTY a certificate of insurance showing that the aforesaid insurance coverages are in effect.

**21. FORCE MAJEURE.**

The AUDITOR shall not be liable for any failure or delays resulting from circumstances or causes beyond its reasonable control, including, without limitation, acts or omissions due to fire or other casualty, natural disasters, war or other violence, or any law, order or requirement of any governmental agency or authority.

**22. NOTICE.**

Any written notice to be given to either party under this agreement or related hereto shall be addressed and delivered as follows:

For AUDITOR: Ron Conrad, Partner  
Cherry, Bekaert & Holland, L.L.P.  
800 N. Magnolia Avenue, Ste. 1300  
Orlando, FL 32803

For COUNTY: Danny L. Kolhage, Clerk County Attorney  
500 Whitehead Street, Ste. 101 P.O. Box 1026  
Key West, Florida 33040 Key West, FL 33041-1026

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed the day and year first above written.

(SEAL)

ATTEST: DANNY L. KOLHAGE, CLERK

BOARD OF COUNTY COMMISSIONERS  
OF MONROE COUNTY, FLORIDA

By: \_\_\_\_\_  
Deputy Clerk

By: \_\_\_\_\_  
Mayor/Chairman

WITNESSES:

AUDITOR: CHERRY, BEKAERT &  
HOLLAND, L.L.P.

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By: \_\_\_\_\_  
Partner

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## ATTACHMENT A

### **LIMITATIONS OF THE AUDITING PROCESS**

As part of our engagement, we will prepare the financial statements and note disclosures from individual fund trial balances that the COUNTY will provide. However, management is responsible for the financial statements and note disclosures. In the COUNTY'S representation to us, the COUNTY will be asked to acknowledge our role in this regard, and the COUNTY'S review, approval and responsibility for the financial statements and note disclosures. Further, the COUNTY is responsible for designating a qualified management-level individual to be responsible and accountable for overseeing these services.

The objective of an audit is the expression of our opinion concerning whether the basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The COUNTY'S audits will include procedures designed to obtain reasonable assurance of detecting misstatements due to errors or fraud that are material to the financial statements. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. For example, audits performed in accordance with generally accepted auditing standards ("GAAS") are based on the concept of selective testing of the data being examined and are, therefore, subject to the limitation that material misstatements due to errors or fraud, if they exist, may not be detected. Also, an audit is not designed to detect matters that are immaterial to the financial statements. In addition, an audit conducted in accordance with GAAS does not include procedures specifically designed to detect illegal acts having an indirect effect (e.g., violations of fraud and abuse statutes that result in fines or penalties being imposed on the COUNTY) on the financial statements.

As applicable, in accordance with requirements of the Single Audit Act Amendments of 1996, OMB Circular A-133 and the Florida Single Audit Act, the COUNTY'S audits will include tests of transactions related to major federal and state award programs for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Because an audit is designed to provide reasonable, but not absolute assurance and because the AUDITOR will not perform a detailed examination of all transactions, there is a risk that material errors, fraud, other illegal acts, or noncompliance may exist and not be detected by the AUDITOR. In addition, an audit is not designed to detect immaterial errors, fraud, or other illegal acts or illegal acts that do not have a direct effect on the basic financial statements or to major programs. It should be recognized that the audits generally provide no assurance that illegal acts will be detected, and only reasonable assurance that illegal acts having a direct and material effect on the determination of financial statement amounts will be detected. However, the AUDITOR will inform appropriate COUNTY representatives with respect to material errors and fraud, or illegal acts that come to the AUDITOR'S attention during the course of the audits. The AUDITOR will include such matters in the reports as required for a Single Audit.

If, for any reason, the AUDITOR is unable to complete the audits, or is unable to form or has not formed an opinion on the basic financial statements, the AUDITOR may decline to express an opinion or decline to issue a report as a result of the engagement.

### **RESPONSIBILITIES AS TO INTERNAL CONTROLS**

As a part of the audits, the AUDITOR will consider the COUNTY'S internal control structure, as required by auditing standards generally accepted in the United States of America and *Government Auditing Standards*, sufficient to plan the audit and to determine the nature, timing, and extent of auditing procedures necessary for expressing our opinion concerning the basic financial statements. The COUNTY recognizes that the basic financial statements and the establishment and maintenance of an effective internal control over financial reporting are the responsibility of management. The COUNTY also recognizes that management is responsible for identifying and ensuring that the COUNTY complies with the laws and regulations applicable to its activities. Appropriate supervisory review procedures are necessary to provide reasonable assurance that adopted policies and prescribed procedures are adhered to and to identify errors, fraud, or illegal acts. An audit is not designed to provide assurance on internal control. As part of the AUDITOR'S consideration of the COUNTY'S internal control structure, however, the AUDITOR will inform appropriate COUNTY representatives of reportable conditions and other matters that come to the AUDITOR'S attention that represent significant deficiencies in the design or operation of the internal control structure, if any, as required by OMB Circular A-133.

As required by OMB Circular A-133, the AUDITOR will perform tests of controls to evaluate the effectiveness of the design and operation of controls that the AUDITOR considers relevant to preventing or detecting material noncompliance with compliance requirements, applicable to each major federal award program. However, tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in the AUDITOR'S report on internal control issued pursuant to OMB Circular A-133.

The COUNTY is also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing the AUDITOR about all known or suspected fraud affecting the COUNTY involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. COUNTY management is also responsible for informing the AUDITOR of knowledge of any allegations of fraud or suspected fraud affecting the COUNTY received in communications from employees, former employees, regulators, or others.

## **RESPONSIBILITIES AS TO COMPLIANCE**

The COUNTY'S audits will be conducted in accordance with the standards referred to in the Contract. As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, the AUDITOR will perform tests of the COUNTY'S compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and the AUDITOR will not express such an opinion in the AUDITOR'S report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that the AUDITOR also plan and perform the audit to obtain reasonable assurance about whether the COUNTY has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. The AUDITOR'S procedures will consist of the applicable procedures described in the OMB Circular A-133 Compliance Supplement for the types of compliance requirements that could have a direct and material effect of each of the COUNTY'S major programs. The purpose of those procedures

will be to express an opinion on the COUNTY'S compliance with requirements applicable to major programs in the AUDITOR'S report on compliance issued pursuant to OMB Circular A-133.

## **REPRESENTATION FROM MANAGEMENT**

Management is responsible for the fair presentation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America, for making all financial records and related information available to the AUDITOR, and for identifying and ensuring that the COUNTY complies with the laws and regulations applicable to its activities. Management is also responsible for adjusting the financial statements to correct material misstatements. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on prior audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings and the corrective action plan should be made available to the AUDITOR during the course of the engagement. Management, at the conclusion of the engagement, will provide to the AUDITOR a representation letter that, among other things, addresses these matters and confirms certain representations made during the audit, including, to the best of their knowledge and belief, the absence of fraud involving management or those employees who have significant roles in the COUNTY'S internal control, or others where it could have a material effect on the basic financial statements. The representation letter will also affirm to the AUDITOR that management believes that the effects of any uncorrected misstatements aggregated pertaining to the current year financial statements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The AUDITOR will rely on the COUNTY'S management providing these representations, both in the planning and performance of the audit, and in considering the fees that the AUDITOR will charge to perform the audit.

## **ACCESS TO WORKING PAPERS**

The working papers for the engagement are the property of Cherry, Bekaert & Holland, L.L.P. and constitute confidential information. Except as discussed below, any requests for access to the AUDITOR'S working papers will be discussed with COUNTY Management prior to making them available to requesting parties.

The AUDITOR, as well as all other major accounting firms, participates in a "peer review" program, covering audit and accounting practices. This program requires that once every three years the AUDITOR subject its quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of the AUDITOR'S work. It is possible that the work the AUDITOR performs for the COUNTY may be selected by the other firm for their review. If it is, they are bound by professional standards to keep all information confidential. If the COUNTY objects to having the work done by the AUDITOR subjected to peer review, the COUNTY is to notify the AUDITOR in writing.

## **USE OF THIRD PARTY SERVICE PROVIDERS**

The firm may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these

service providers, but remain committed to maintaining the confidentiality and security of our information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, the firm will remain responsible for the work provided by any such third-party service providers.

DRAFT